

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

IN RE: § CASE NO. 20-33948-11
§
FIELDWOOD ENERGY LLC, § HOUSTON, TEXAS
ET AL, § FRIDAY,
§ APRIL 9, 2021
DEBTORS. § 1:59 P.M. TO 2:42 P.M.

MOTION HEARING (VIA ZOOM)

BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: SEE NEXT PAGE
(RECORDED VIA COURTSPEAK; NO LOG NOTES)

TRANSCRIPTION SERVICE BY:

JUDICIAL TRANSCRIBERS OF TEXAS, LLC
935 Eldridge Road, #144
Sugar Land, TX 77478
281-277-5325
www.judicialtranscribers.com

Proceedings recorded by electronic sound recording;
transcript produced by transcription service.

APPEARANCES (VIA ZOOM):

For the Debtors:

WEIL GOTSHAL & MANGES LLP
Alfredo R. Perez, Esquire
Clifford Carlson, Esquire
700 Louisiana, Ste. 1700
Houston, Texas 77002
713-546-5040

For the Ad Hoc Group
of Secured Lenders

DAVIS POLK & WARDWELL LLP
Damian Schaible, Esquire
450 Lexington Ave.
New York, New York
212-450-4580

For HCC International
Insurance Company

LOCKE LORD, LLP
Elizabeth Guffy, Esquire
2000 Bagby Street
Houston, Texas 77002
713-226-1328

For Everest, Berkley, Aspen
and Sirius

CHIESA SHAHINIAN & GIANTOMASI
Scott A. Zuber, Esquire
One Boland Drive
West Orange, New Jersey 07052
973-325-1500

For Ecopetrol America LLC

SQUIRE PATTON BOGGS (US) LLP
Kelly Singer, Esquire
1 E. Washington St., Ste. 2700
Phoenix, Arizona 85004
602-528-4099

For BP Exploration
& Production Inc.

GREENBERG TRAURIG, LLP
Craig Duewall, Esquire
300 West 6th St., Ste. 2050
Austin, Texas 78701
512-320-7200

Karl Burrer, Esquire
1000 Louisiana St., Ste. 1700
Houston, Texas 77002
713-374-3500

(Please also see Electronic Appearances.)

INDEX

<u>WITNESS:</u>	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Recross</u>
-----------------	---------------	--------------	-----------------	----------------

None				
------	--	--	--	--

<u>EXHIBITS:</u>	<u>Marked</u>	<u>Offered</u>	<u>Received</u>
------------------	---------------	----------------	-----------------

Declaration at ECF No. 1225-3			14*
-------------------------------	--	--	-----

Declaration at ECF No. 1225-8			14*
-------------------------------	--	--	-----

*Admitted solely for the purpose of considering the motions

1 HOUSTON, TEXAS; FRIDAY, APRIL 9, 2021; 1:59 P.M.

2 THE COURT: All right, good afternoon. We're here
3 in the Fieldwood Energy case. It's case 20-33948. We're
4 going to start with a status report from Debtors' counsel.
5 If anyone wants to make an additional status report, feel
6 free, and then we'll move into any opening statements or
7 evidence, as appropriate.

8 If you're going to make the opening status report
9 for Debtor, would you please press five-star one time on
10 your phone? Mr. Perez, good afternoon.

11 MR. PEREZ: Good afternoon, Your Honor. Alfredo
12 Perez. Can you hear me?

13 THE COURT: I can.

14 MR. PEREZ: Thank you, Your Honor. So, Your
15 Honor, I'm happy to report that I believe we have a
16 substantially consensual hearing today with respect to
17 both the exclusivity as well as the two backstop motions.

18 I think we have been able to work through all of
19 the issues. All but one of the formal objections have been
20 withdrawn. The one remaining objection, we spoke with
21 counsel for that party and they are not going forward
22 with respect to pressing that objection.

23 They wanted to note -- and at the appropriate
24 time we will note that that objection -- or the not failure
25 to prosecute that objection is without prejudice to any of

1 their rights, and that they reserve all their rights with
2 respect to all other matters and just for purposes of this.
3 And we're happy to make that stipulation.

4 We did receive, shortly prior to the filing of
5 the last -- and we did file an amended agenda, which I think
6 reflects that, at Docket No. 1246.

7 We did receive a reservation of rights from
8 Ecopetrol relating to their concern about the effect of
9 these financings on their liens pursuant to their JOA's,
10 and obviously nothing -- the approval of the two backstop
11 motions don't impact that. And we're happy to note their
12 reservation of rights, but that is not -- you know, it
13 wasn't a formal objection.

14 So, Your Honor, I believe that, you know,
15 obviously we'd like to make an evidentiary record based
16 on the exhibits. And although Mr. Dane and Mr. Hansen are
17 both here present, I don't believe that we will need any
18 testimony because I think the two matters are largely
19 consensual.

20 THE COURT: Mr. Perez, thank you for the status.
21 Mr. Schaible? Mr. Schaible?

22 MR. SCHAIBLE: Your Honor, I was just raising my
23 in case helpful. But for the record, Damien Schaible on
24 behalf of the Ad Hoc Group of Secured Creditors.

25 Your Honor, we agree obviously with the Debtors,

1 and have been working with the predecessors and the
2 sureties, and I would just mention to the Court that while
3 people are certainly not agreed with respect to the Plan
4 at this point, we have been -- we have been continuing to
5 work to try reach resolutions wherever we can, as we had
6 represented to the Court we would. And we will continue
7 to do so.

8 THE COURT: Mr. Schaible, thank you.

9 Is there anyone else that wants to make any status
10 report that might vary from what Mr. Perez said, and is
11 there anyone that objects if we allow him or his firm to
12 now present their *prima facie* case?

13 Ms. Guffy, good afternoon. Let me get that line
14 activated. Good afternoon, Ms. Guffy.

15 MS. GUFFY: Your Honor, just one point. Mr. Perez
16 keeps referring to backstop motions, plural. And because we
17 do have concerns about another backstop motion that is going
18 to be filed, I just wanted to make it clear for the record
19 that this is not the backstop -- there's only one backstop
20 motion today. And we talked about this earlier with Mr.
21 Perez.

22 This does not -- this backstop motion does not
23 affect -- it is not part of the settlement that they reached
24 with the second lienholders and has to do with the treatment
25 of those claims as a separate class.

1 And I just wanted to make sure that that was clear
2 because there's just the one backstop motion.

3 MR. PEREZ: Your Honor, that's -- Ms. Guffy's
4 partially correct. This is not -- this does not have to do
5 with the backstop motion that we will be filing with respect
6 to the second lien equity backstop. But this does have to
7 do with the two backstop motions for debt.

8 The first lien backstop motion, which involves
9 Goldman Sachs as our First Lien First Out creditor, and then
10 our second lien backstop motion, which involves the clients
11 represented by Mr. Damien Schaible who -- and they are the
12 First Lien Term Loan Debtor.

13 So it's those two motions. It does not involve --
14 there will be two other backstop motions for equity raised
15 -- for equity raised. One involving the First Lien Term
16 Loan, and the other one involving the Second Lien Term Loan
17 Lenders. So I just wanted to make that clear.

18 THE COURT: Ms. Guffy, does that satisfy the
19 clarification that you needed?

20 MS. GUFFY: Well, I'm still a little confused as
21 to which other motion is a backstop motion. I assumed the
22 second entry on the agenda is a backstop motion. And what
23 is the other that is also a backstop motion. I see a
24 commitment letter for exit financing.

25 MR. PEREZ: We call that the backstop motion, Your

1 Honor. That's the commitment letter for exit financing.

2 MS. GUFFY: Ahh. Well, that explains it, Your

3 Honor. I'm sorry.

4 MR. PEREZ: Okay, yeah.

5 THE COURT: All right, thank you.

6 Mr. Zuber? Mr. Zuber, good afternoon.

7 MR. ZUBER: Good afternoon, Your Honor. I have
8 nothing to add, really. I just wanted to confirm with Mr.
9 Perez said. We have had extensive discussions, and on
10 behalf of our four clients, Aspen, Everest, Berkley,
11 and Sirius, we do not intend to press forward with our
12 objections or our joinders to other objections today, but
13 with an understanding that's with a full reservation of
14 rights with respect to all other issues. So just echoing
15 what Mr. Perez said for the record.

16 THE COURT: I'll confirm that as well, if that
17 makes you feel any better, as well as for all others that
18 have filed an objection or withdrawing it. You're not
19 withdrawing it in terms of what your confirmation objections
20 might be or your disclosure objections might be, or anything
21 other than these particular motions that are on file today.
22 Does that help any, Mr. Zuber?

23 MR. ZUBER: Thank you, Your Honor.

24 THE COURT: All right, thank you.

25 MR. ZUBER: Yes, Your Honor. Thank you.

1 THE COURT: Thank you. Does anyone else have
2 any additions they need to make before we move into the
3 evidentiary portion?

4 (No response.)

5 THE COURT: All right. Mr. Perez, who's going
6 to take the lead on that?

7 MR. PEREZ: Your Honor, I'm going to take it.
8 I'm going to take the lead. If we had had actual argument,
9 other people were going to do it, but since it's just
10 hopefully a matter of putting the evidence on, I was
11 going to do that.

12 THE COURT: All right.

13 MR. PEREZ: So, Your Honor, with respect to the
14 first item, which is the Debtors' Second Amended Motion for
15 Entry of an Order Extending the Exclusive Periods at ECF
16 No. 930, Your Honor, we would request that the Court take
17 judicial notice of the record in this case, as well as the
18 scheduling order that the Court entered on 1224, which shows
19 what the schedule is in this case and the fact that we are
20 contemplating to have a confirmation hearing on June 9th,
21 Your Honor.

22 So on the basis of the record in this case and the
23 fact that there does not appear to be any opposition at this
24 time, and we do have a confirmation hearing currently set
25 for June 9th, we would request an extension.

1 Unfortunately, we may have to seek a further
2 extension, just -- at the appropriate time. But the way
3 this was drafted, it was a 90-day extension. And we request
4 that the Court enter it on the basis of the record in the
5 case.

6 THE COURT: And where is the form of order that
7 you're asking me to sign?

8 MR. PEREZ: So the form of order that I'm asking
9 you to sign, Your Honor, is at Document 930.

10 THE COURT: Okay. So that hasn't been amended at
11 all by agreement. It's the original order?

12 MR. PEREZ: It is the original order. It has not
13 been amended by agreement, Your Honor.

14 THE COURT: All right. Is there anyone that has
15 any issue at this stage with the substance or the form of
16 the order that is at 930-1? If so, please speak up if I
17 already enabled your line, or press five-star if you wish
18 to.

19 (No response.)

20 THE COURT: All right. I'm seeing no party
21 that wishes to raise an objection. I do take judicial
22 notice of our own documents, the schedule that we've set for
23 confirmation. I find that the motion, now unopposed, sets
24 forth good cause for the extensions of exclusivity. The
25 allegations in it are admitted solely for the purpose of

1 the extension of exclusivity, and will extend.

2 I'm looking now at just the exact order. It
3 should be up on your screen.

4 MR. PEREZ: Yes, Your Honor.

5 THE COURT: May I ask, just for the purpose of not
6 spending more administrative funds, whether anyone objects
7 to the Court, on its own motion, extending through June
8 15th-ish, just so that we're not coming back right away
9 and doing -- I don't even need to do a similar extension,
10 I don't think, on that. You know, just extending that until
11 June 15th.

12 If anybody has a problem with that, please voice
13 it, just -- it's more than fair to voice an objection to it.
14 I'm just trying to not bring everybody back for sort of a
15 useless hearing again.

16 (No response.)

17 THE COURT: All right. The exclusivity order has
18 been signed. Exclusivity is extended through June 15th.
19 And I have signed the order and I have now placed it in
20 docketing. Ms. Do will get it docketed shortly.

21 Where do you want to go next?

22 MR. PEREZ: Thank you, Your Honor. I'm sure
23 Mr. Dane will be happy not to incur the additional fees,
24 so thank you very much. Your Honor, next --

25 THE COURT: Well, I know that I just took some

1 money out of your pocket, but Mr. Dane, you can keep it in
2 yours.

3 MR. PEREZ: It's Mr. Barr's pocket for the most
4 part, Your Honor, but --

5 THE COURT: Okay.

6 MR. PEREZ: So, Your Honor, next I'd like to take
7 the two other motions that I've kind of referred to as the
8 backstop motions. One is the Emergency Motion for Entry
9 Into A Backstop Commitment Letter, Docket No. 1023.

10 And then the other motion, which I've been
11 referring to it as a backstop, but it's the Emergency Motion
12 for an Order Approving Entry Into the First Lien Exit
13 Facility and Related Fee Letter, and Authorizing the
14 Incurrence and Payment of Certain Fees and Costs, Docket
15 No. 1165.

16 Your Honor, with respect to this motion, and
17 again solely for the purposes of this hearing -- and we've
18 conferred with all the parties -- we would like to admit
19 into evidence the two declarations by Mr. Hansen, who is
20 present in the courtroom, or in the virtual courtroom.

21 And, Your Honor, I believe that they are 1225-4
22 and 1225-9, but I've got to tell you that when I went to
23 look at the file versions, I just couldn't make out whether
24 that was correct or not. So I apologize, I may not --

25 THE COURT: Well, let me just take a look now, and

1 I will open up and show you what you've asked me to admit
2 before we admit it.

3 So this document which is 1225-4, which I don't
4 think is what you want to have admitted.

5 MR. PEREZ: Yeah. So let's try 1225-3, Your
6 Honor.

7 THE COURT: 1225-3 is the declaration by
8 Mr. Hansen, one of the two.

9 MR. PEREZ: Yeah. One of the two. And then so
10 the other one is likely 1225-8.

11 THE COURT: 1225-8. Is there any objection to the
12 admission of 1225-3 and 1225-8 solely for the purposes of
13 consideration of ECF 1165 and ECF 1023? If so, please speak
14 up or press five-star on your phone if you haven't yet been
15 authorized to speak.

16 (No response.)

17 THE COURT: All right. 1225-3 and 1225-8 are both
18 admitted of the purpose of those two motions only.

19 MR. PEREZ: Thank you, Your Honor. And just by
20 way of brief background, and certainly Mr. -- to the Court
21 -- to the extent the Court has any questions, Mr. Hansen is
22 here. But just by way of background, these two commitments,
23 the backstop motion and the exit commitment, form the basis
24 of the funding of the new Plan.

25 One involves a loan -- our First Lien First Out

1 Loan that will be, in essence, refinanced by Goldman Sachs.
2 That is the exit commitment letter that is at Docket 1165.
3 And then -- and the backstop commitment that was at Docket
4 1023, that is the actual funding amount pursuant to which
5 the Debtors will have access to significant cash. It's an
6 equity raised of about \$185 million. And the Debtors would
7 have sufficient funds to fund the Plan and the various
8 payments under the Plan.

9 And with that, Your Honor, and the two -- the
10 declarations, we would request that the Court enter the
11 two orders.

12 THE COURT: Thank you.

13 Is there any party that has any cross-examination
14 for Mr. Hansen? If so, you may ask your question or press
15 five-star and I'll enable you to ask a question.

16 (No response.)

17 THE COURT: All right. I'm showing no questions
18 for Mr. Hansen.

19 Is there anyone that wishes to introduce any
20 additional evidence, either in favor of or in opposition to
21 either of the two pending motions?

22 (No response.)

23 THE COURT: All right. I'm going to grant both
24 motions. Effectively, these work as options fairly -- oh,
25 wait, we do have somebody that wishes to speak.

1 Whoever had wanted to speak, you apparently
2 pressed five-star a second time. There you go. So don't
3 press it again, please, because I lose it if you press it
4 another time.

5 All right, we have Attorney Singer, and let me get
6 your line -- there we go. Go ahead, please.

7 MR. SINGER: Sorry about that, Judge.

8 THE COURT: That's all right. I just -- it's just
9 that I can't -- if you press it a second time, it turns off
10 the signal that you want to talk, and then I can't find you
11 so -- glad to have you back.

12 MR. SINGER: Yes.

13 THE COURT: You must have pressed it a third time
14 to get back in.

15 MR. SINGER: I did. I pressed it the first time,
16 and then you said no one raised their hand, so I pressed it
17 again thinking that I didn't press it right the first time.

18 Your Honor, Kelly Singer on behalf of Ecopatrol.
19 With Mr. Perez' statements earlier about a reservation of
20 rights, that issue is for another day and it's not for
21 today. So with those statements on the record, we have no
22 issue at all with the two motions or the orders.

23 THE COURT: Mr. Singer, thank you. I did actually
24 have a chance to read your motion. I don't think that it is
25 implicated by what we're doing today, and I agree that all

1 your rights should be reserved. I appreciate the
2 explanations that you gave, and thank you.

3 MR. SINGER: Thank you, Your Honor.

4 THE COURT: All right. What I find is that we
5 have jurisdiction over this under 28 U.S.C. Section 1334.
6 These are both financing motions that are core under
7 28 U.S.C. Section 157.

8 With respect to the financing motions, they
9 effectively -- at a reasonably high price, but one to which
10 no one is raising any objection -- give the Debtors options
11 to require people to provide the financing if the financing
12 isn't otherwise provided. Those options are then set up so
13 that the Debtors, if they get a confirmed Plan, will have
14 the financing available to confirm a Plan.

15 This does not commit us to confirming the Plan.
16 It simply gives the Debtors the flexibility that if they get
17 a Plan confirmed or, at confirmation, to prove feasibility
18 to be certain that the financing is there.

19 I don't think that the prices are unreasonable.
20 They're supported by the record in the case, and no party is
21 raising any objection to that. It is plainly in the best
22 interest of the estate to try to tie up financing so that
23 the Debtors do have exit options under the proposed Plan, if
24 it can be confirmed. I'm therefore approving both motions.

25 Mr. Perez, did the form of order change on those

1 or is it the same form?

2 MR. PEREZ: Your Honor, I believe it's the same
3 form or order. I would just defer to Mr. Carlson on that,
4 but I'm pretty sure it's the same form.

5 THE COURT: Let's see. I have somebody else that
6 wants to speak. Let me see who that is. That may be Mr.
7 Carlson.

8 Ms. Guffy, go ahead, please.

9 (No response.)

10 THE COURT: You have your own line muted,
11 Ms. Guffy. I think.

12 MS. GUFFY: Yes, I did. Just for a housekeeping
13 matter, Your Honor, I'm looking at the documents that were
14 filed, and I believe that Mr. Hansen's second declaration
15 is the 1225-8, not 7. I just want to have a clear record.

16 THE COURT: I intended to admit 1225-3 and 1225-8,
17 is what we admitted.

18 MS. GUFFY: 7 was said, Your Honor, and that was
19 -- I was just trying to make sure we had the right document.

20 THE COURT: Thank you. Sorry about my error.

21 Mr. Carlson, can I get you to press five-star one
22 time on your phone to confirm the correct orders?

23 I see you. Hold on. Mr. Carlson, did Mr. Perez
24 make a mistake or does he have that right?

25 MR. CARLSON: Mr. Perez is correct. The forms of

1 order that we filed with the motions are the correct ones.

2 THE COURT: All right, thank you. Let me open
3 those up. (Brief pause.) Both orders have been signed and
4 both orders have been sent to Ms. Do for docketing.

5 What else do we have on today's agenda that we
6 should cover, or what's not on the agenda that we should
7 cover?

8 MR. PEREZ: Your Honor, nothing further on the
9 agenda. Thank you very much. Your Honor, we did have, as
10 per the Court's scheduling order, the conference earlier
11 today with the sureties and the government, and we've had
12 several conferences with the predecessors, Your Honor.

13 I believe that the issues, if any, for next
14 Wednesday, have been significantly narrowed, and so we're
15 continuing to work on that on a daily basis, for the
16 disclosure statement hearing that is scheduled for next
17 Wednesday, Your Honor. And I'll just leave it at that.

18 THE COURT: I think I do have somebody from
19 512-320-7260 that wanted to speak. Who do we have from
20 that number?

21 MR. DUEWALL: Thank you, Your Honor. Craig
22 Duewall with Greenberg Traurig on behalf of BP, Your Honor.

23 THE COURT: Good afternoon, Mr. Duewall.

24 MR. DUEWALL: Thank you, Your Honor. I rise
25 today, along with Mr. Burrer from our firm, Your Honor, to

1 bring to the Court's attention certain issues that we're
2 having regarding access to information and transparency in
3 part of the -- as part of the informal and formal discovery
4 process, and wanted to bring some quick issues to the
5 Court's attention, please.

6 THE COURT: All right. What have you got?

7 MR. DUEWALL: Thank you, Your Honor. Last
8 week, I think we had heard from the Debtor that they were
9 hoping to have expedited discovery. We'd have a rolling
10 production, we'd have informal discovery requests based
11 on collaborative discovery.

12 And I was left with the impression, after last
13 week's hearing, Your Honor, that we were going to have an
14 aggressive schedule, but we were going to have an open and
15 honest and transparent process as it related to disclosure
16 of information.

17 Unfortunately, just one week later, Judge, we've
18 hit our first bump in the road. Following the hearing last
19 week, we sent emails over to Debtor and we asked for some
20 simple information that arises in importance from the
21 disclosure -- their disclosure statement.

22 Can I share my screen quickly with you, Judge?

23 THE COURT: Sure. Hold on just a second. All
24 right, you're presenting.

25 MR. DUEWALL: Thank you, Your Honor. And I draw

1 the Court's reference to Document 1117, specifically page 6
2 of that document filed with the Court.

3 And so as we began to engage in informal and now
4 formal discovery, we're seeking discovery that relates to
5 disclosures made, specifically on this page and as it
6 relates to two specific items.

7 The representations that they make for us, Your
8 Honor, here is that pre-petition, the company engaged in a
9 robust sales process. Their words, robust sales process.
10 And we're seeking information as it relates to that process.

11 They tell us that Houlihan, which we all
12 recognize, specializes in the sale of these types of assets,
13 and they engaged in a process from June through September
14 where they marketed it to 47 different companies, 47
15 potential different buyers. They outreached a broad
16 spectrum of national and international buyers and financial
17 sponsors.

18 They tell us that following the petition date,
19 they continued the process which ultimately resulted in 18
20 parties executing confidentiality agreements, 15 management
21 presentations, 12 written bid letters or other indications
22 of interest. And they tell us that Houlihan provided the
23 Creditors' Committee with access to all of this information
24 that was in the virtual data room.

25 And that based upon analyzing all this information

1 they got back with the bid, that they determined that none
2 of the bids that they received was actionable.

3 And so, naturally, Your Honor, we sent them
4 requests regarding the fact that we'd like access to the
5 virtual data room and we also wanted the 12 bid letters that
6 they had received. And we've done this now for the better
7 part of over a week, if we will -- just one moment. I'm
8 there. Here we go.

9 And so we started last week sending emails over
10 to opposing counsel, just informally requesting this
11 information. We started, you know, with an informal email
12 requesting the information, access to the virtual data room,
13 the bid letters. We followed that up this week on Tuesday,
14 when we didn't get a response with a second ask for
15 information. That resulted in a telephone call between
16 myself and Mr. Perez where we discussed the information.

17 And we were informed for the first time that the
18 data room no longer existed, but they have a new data room.
19 So we asked for access to that data room. We were told we
20 might have to execute a NDA, which we didn't object to, but
21 we reminded counsel that there was a protective order in
22 place that already protected the production of information,
23 and that we wanted the bid letters.

24 We were told at that time that we would probably
25 have to submit a formal discovery request for that, which

1 we had previously done and we've done again. And so then
2 following that, we had another meet-and-confer, where my
3 partner, Karl Burrer sent over to Mr. Perez a request on
4 behalf of BP, Hess, Hunt, XTO.

5 We sent a consolidated request, which we
6 understood that the Debtors wanted to see when possible,
7 asking for 14 different items. We sent that over. We had
8 a call yesterday regarding those items.

9 And we reached a resolution on all of the items,
10 Your Honor, except for 8, 9 and 10 of the list, the joint
11 request that we sent over which, of course, the results --
12 and has to deal with the virtual data room, the other
13 data rooms that they referenced, and the 15 management
14 presentations and bid letters that we received.

15 And so we tried to get those responses and they no
16 longer exist. We were told they weren't relevant and that
17 it relates to Newco and isn't relevant.

18 And so, Your Honor, I take this opportunity to
19 preview the issue that's coming with the Court, which is the
20 fact that we're entitled to this information, we're entitled
21 to these disclosures for many -- many important reasons, not
22 the least of which is the fact that the lenders have seen
23 them, the creditors, the Creditors' Committee have seen
24 them, potential bidders have seen them.

25 The documents have been shared around, and so

1 we're just asking for the same information that others have
2 seen, the 47 other companies that looked at it. The 15 or
3 12 bidders that submitted bids certainly saw it. And so I
4 don't know that there's any good reason or good cause not to
5 share this information with us.

6 At the end of the day, Your Honor, the information
7 is important with regard to value. The value of the deal
8 that's being proposed. The value as it relates to: Can
9 they contribute more? Can they do better with P&A
10 obligations. It's important with regard to the cash that
11 they're putting in to take a look at this robust process
12 that generated a result now. You know, can they do better?
13 Should they do better?

14 I think we need to look at these documents to
15 see and determine that. It's important with regard to
16 settlement. We're going to be making the request, the
17 formal request, for mediation in this matter. We want to
18 mediate this case. And as we're going towards mediation
19 and trying to mediate and resolve the matter, that process
20 is only going to be aided by better transparency, more
21 transparency, not less of it. And so we ask for it in that
22 context too.

23 At the end of the day, I think it's important that
24 we determine if this robust process was exactly that, a
25 robust process. Was it an open, honest, intellectually

1 honest process that obtained a fair and proper result.

2 You know, they've referenced these materials in
3 the disclosure statement. They can't now hide behind the
4 fact that they don't think it's relevant. If it wasn't
5 relevant, I don't know that they would have made these
6 statements in the disclosure settlement.

7 I've mentioned that it's important to settlement.
8 It's important that -- for us to execute our duties to
9 the Court, our good faith duties to try to get the case
10 resolved, the duties that our clients have to try to analyze
11 what is being proposed, what the liabilities are going to be
12 at the end of the day. If there's going to be enough there
13 to solve some of these very important environmental issues
14 that are going to exist. And so they're important for those
15 reasons.

16 And, Judge, I don't believe it's burdensome.
17 These are documents that exist in the ordinary course of
18 business. They've been made available to other people.
19 I think all they have to do is flip a switch and provide
20 us access. We'd be willing to sign an NDA. We've already
21 signed the protective order. I think the NDA's a little
22 bit overkill. But we've signed the protective order, we've
23 agreed to be bound by it.

24 And so at the end of the day, Your Honor, I think
25 that for this process -- at least a process that represents

1 that it started itself with an attempt to sell assets, to
2 sell and market the assets. They created a data room. Show
3 us the data room. Show us what exists now.

4 I don't think the previous data room's been
5 destroyed, Your Honor. I think they could -- they could
6 put it back up in the flip of a switch. They have it saved
7 somewhere, I'm sure. Show us the bids. Show us why you
8 rejected the bids.

9 I just think that as part of this transparent
10 process, that these are documents that we should be entitled
11 to and see, and so I preview this issue knowing that we
12 don't have a Motion to Compel now in front of the Court, but
13 I anticipate if we can't get some resolution, one is coming
14 quickly.

15 THE COURT: I appreciate the preview. I'm a
16 little concerned that you would make an allegation that you
17 know the data room exists still, without having information
18 about that. That's a pretty serious allegation. It's
19 entirely possible that it doesn't exist in the old form,
20 and I just want to be careful when I listen to what you say.

21 But I gather you're not asking me to do anything
22 today. I will allow Mr. Carlson or Mr. Perez to answer if
23 you want or wait until Wednesday to deal with this, given
24 that it was a preview by Mr. Duewall.

25 MR. DUEWALL: Thank you, Your Honor. And I'd like

1 to just clarify that I was not making the allegation. I was
2 just expressing my skepticism.

3 THE COURT: I am simply asking that you be careful
4 about that.

5 MR. DUEWALL: Thank you.

6 THE COURT: I think your wording went beyond
7 skepticism.

8 MR. DUEWALL: Thank you, Your Honor.

9 MR. PEREZ: Your Honor, this is Alfredo Perez.
10 So I think we need to put this into context. This is BP
11 asking for information about credit bid Newco and in
12 particular the Jana Vasa Well (phonetic). So this --
13 and the information that is in the existing data room is
14 kind of the well level information about the economics
15 that a purchaser would want.

16 So this is -- this is literally, you know,
17 allowing the fox in the henhouse, and it's not like the
18 Court hasn't heard testimony about the relationship that
19 we had with BP in connection with the Jana Vasa Well
20 (phonetic). This has nothing to do with any asset other
21 than the assets that are going to credit bid Newco. Which,
22 by the way, Your Honor, BP expressly declined to participate
23 in the sales process.

24 It was a sales process that for historical
25 purposes, we're not -- there's not going to be any testimony

1 that the value is informed by this. I mean, Mr. Hansen is
2 perform -- has performed a valuation, we have a credit bid.
3 He's going to be -- you know, we're providing the expert
4 report. All of that information is going in there.

5 There's no -- there's nothing in this that is the
6 basis for his valuation. This was done as a historical --
7 you know, we did this -- you know, it was historical and it
8 has nothing to do other than allowing a competitor -- an
9 express competitor who prob -- you know, and again, it's
10 probably for another day, but the Court already heard, you
11 know, a long night of testimony on this and it's just an
12 effort for them to get this information, which has nothing
13 to do with the abandoned property, this has nothing to do
14 with the valuation of Newco, it has nothing to do with
15 any item that could possibly, Your Honor, be at issue in
16 confirmation, other than an effort by a competitor to get
17 information from us with respect to a well which we're going
18 to have a dispute on the basis of, you know, the reasons why
19 they took the actions that they took, Your Honor.

20 So I'm happy to -- I'm happy to wait until they
21 file something, and we'll address it at that time on an
22 evidentiary basis.

23 MR. SCHAIBLE: Your Honor, this is Damian
24 Schaible. May I be heard briefly?

25 THE COURT: Of course.

1 MR. SCHAIBLE: Your Honor, just to check in on
2 what Mr. Perez said, we've had calls on this, and I do think
3 it's instructive that counsel has pointed out that there
4 were something like 15 items that needed to be provided,
5 and all but these items have been provided or need to be
6 provided as I said, Your Honor.

7 And it means a lot to me that what I say to this
8 Court and other courts, we mean. We are working as hard
9 as possible to get them information as quickly as possible
10 and to work to continue to dialog to see if we can reach
11 resolution, yet not promising that we'll be able to.

12 But these items, you know, my clients are not only
13 credit bidding their good and perfected liens against these
14 assets, but they're putting in under the Plan hundreds of
15 millions of new dollars in order to build up and create this
16 new enterprise. And my clients are going to be very, very
17 sensitive, as you can imagine, I hope, Your Honor, about a
18 competitor receiving well level information about assets
19 that they are not going to own but they're going to be
20 competing against.

21 We suggested that it could go to advisors.
22 We suggested that it could stay away from the actual
23 competitor. And what was related to us is that the M&A
24 Department of the competitor needed to be able to review
25 our well level information with respect to what will be

1 Newco. And that's something that just gives us quite a lot
2 of pause, Your Honor.

3 THE COURT: Thank you, Mr. Schaible. I'm going to
4 wait and I'll get a written motion and I'll get a written
5 response and I'll hear this in due course.

6 I appreciate the heads up. Having said that, I'm
7 getting old. I probably won't remember it by the time we
8 get to the real hearings. We'll see what happens at the
9 real hearing. Thank you all. Is there anything else that
10 we --

11 MR. PEREZ: Thank you, Your Honor.

12 THE COURT: Is there anything else we should be
13 taking up?

14 MR. PEREZ: No. Thank you very much. Appreciate
15 the time.

16 MS. GUFFY: Thank you, Your Honor.

17 THE COURT: Does any other party have anything
18 they wish to say today? Yes, go ahead.

19 (No response.)

20 THE COURT: All right, anyone else? Oh, there we
21 go. Mr. Duewall, did you have something else? Go ahead.

22 (No response.)

23 THE COURT: I think you have your own line muted,
24 Mr. Duewall.

25 MR. DUEWALL: Thank you, Your Honor. I'm so

1 sorry.

2 THE COURT: That's okay.

3 MR. DUEWALL: The other issue I raised during my
4 presentation was the fact that we're going to be asking for
5 discovery, and since we're all here, I think -- or not
6 discovery, I'm sorry. Mediation. That since we're all
7 here, we would certainly -- we make that ask.

8 I think that this would be a case that would
9 benefit from mediation. I think all the parties would
10 benefit getting together in front of a good mediator and
11 trying to hammer out a settlement process and resolution,
12 given the extensive issues and all the complexities
13 involved. And would ask the Court if the Court would be
14 willing to order us to mediation?

15 THE COURT: So what did the other parties say when
16 you asked them that question out of court?

17 MR. PEREZ: Nobody's asked us.

18 THE COURT: Mr. Duewall? That was for Mr.
19 Duewall.

20 MR. PEREZ: I'm sorry.

21 MR. DUEWALL: I was going to ask -- Mr. Burrer, I
22 know he's been having party-level discussions on that issue,
23 Your Honor. I had the floor but Mr. Burrer, I know, has
24 been discussing it, I think, or other members of our team
25 have been having those discussions.

1 THE COURT: All right. I'll wait until you're
2 ready to -- having conferred with parties, then make an
3 appropriate motion. I rarely -- but I mean rarely, I don't
4 mean never -- order mediation that is not agreed to. I have
5 done it, but by and large, if it's agreed to, I think I've
6 rarely turned it down. And if it's not agreed to, I've
7 rarely ordered it. But there have been exceptions to both
8 of those, so let me let you confer and let's figure out
9 where we are.

10 You can set it for an emergency hearing when
11 you're ready to, Mr. Duewall. Just contact Ms. Do and
12 she'll give you a hearing date.

13 MR. DUEWALL: Thank you, Your Honor.

14 THE COURT: What else do we need to do today?
15 Hold on, I've got one more person that wants to speak.

16 (No response.)

17 THE COURT: So, Mr. Burrer, I don't understand why
18 you can't call Mr. Carlson and work this out. My two former
19 law clerks, you guys ought to be able to get together and
20 solve this problem, don't you think?

21 MR. BURRER: Your Honor, we'll be on the phone
22 shortly.

23 THE COURT: I thought so. Thank you. You all
24 work on it and I suspect it'll get worked out. I'll talk to
25 you all next week. Thank you.

1 MR. PEREZ: Thank you, Your Honor.

2 MS. GUFFY: Thank you, Your Honor.

3 MR. DUEWALL: Thank you, Your Honor.

4 THE COURT: We are in adjournment. You all have a
5 good weekend. Stay safe.

6 MR. PEREZ: Okay.

7 (Proceedings adjourned at 2:42 p.m.)

8 * * * * *

9 I certify that the foregoing is a correct
10 transcript to the best of my ability due to the condition of
11 the electronic sound recording of the ZOOM/telephonic
12 proceedings in the above-entitled matter.

13 /S/ MARY D. HENRY

14 CERTIFIED BY THE AMERICAN ASSOCIATION OF
15 ELECTRONIC REPORTERS AND TRANSCRIBERS, CET**337
16 JUDICIAL TRANSCRIBERS OF TEXAS, LLC
17 JTT TRANSCRIPT #63827
18 DATE FILED: APRIL 23, 2021

19

20

21

22

23

24

25